

CAMPAIGN FINANCE DISCLOSURE for CANDIDATES - 2008

**MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS (3/08)**

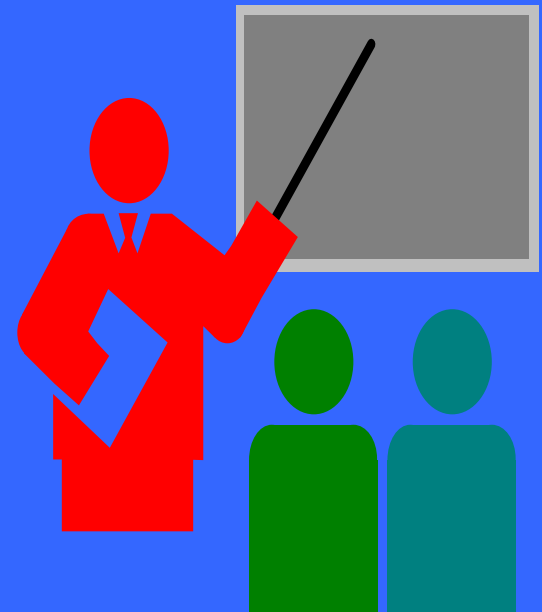


Introduction

- The Michigan Campaign Finance Act provides for public disclosure of the funds spent and received to support or oppose candidates and ballot issues
- Candidate and other committee types are required to register and file campaign statements with the appropriate filing official
- This session will introduce you to the disclosure requirements for candidate committees
- Candidate Committees Manual

TOPICS:

- Types of Committees
- Definition of a Candidate
- Statement of Organization
- Reporting Waiver
- Campaign Statements and Filing Dates
- Contributions, Limits and Election Cycles
- Expenditures
- Debts and Obligations
- Fundraising Events
- Merts Plus Software
- Dissolving a Candidate Committee
- Identification Requirements
- Notices and Good Cause Waivers
- Referrals and Complaints
- Rulings & Interpretative Statements



Types of Committees

- **Candidate Committee (state or local only, not Federal) - *yellow manual***
- **Gubernatorial Committee – *purple manual***
- **Political and Independent Committees (PAC) or Caucus Committees – *blue manual***
- **Political Party Committee (State Central, Congressional or County) – *green manual***
- **Ballot Question Committee (BQ) May not support or oppose candidates – *pink manual***

Definition of a Committee in Michigan

- **Candidate Committee** means a committee established by the candidate in order to run for state or local office - A Candidate Committee may consist of only the candidate who may serve as their own treasurer
- **Other Committee Types:** Political, Independent, Political Party or Ballot Question Committee consist of any group of 2 or more persons acting jointly to influence Michigan election(s) and who spend or receive \$500 or more during a calendar year

A Candidate in Michigan is any person who:

- **Files an affidavit, fee or petition to appear on the ballot**
- **Spends or receives any funds to further their nomination or election to office, or gives someone else permission to do so on their behalf**
- **Is nominated at a party convention or caucus**
- **Is a write-in candidate nominated at an election (becomes a candidate 5 days after the nomination is certified)**
- **Is a write-in candidate elected to office at an election (becomes a candidate on the date the election is certified)**

Excluded from the definition of a Candidate in Michigan:

- A precinct delegate
- A person running for a school board in a system with pupil count of 2,400 or less and who spends or receives \$1000.00 or less for the election
- A person running for a federal (U.S.) office
- A person running for a position in an Indian tribal government or a private organization such as a labor union or professional association

The Statement of Organization Form

Registering the Committee

Candidates must file their Statement of Organization form with the appropriate filing official within a maximum of 20 calendar days after meeting the definition of a candidate (10 days allowed to form the committee - 10 days to file)

The Statement of Organization will be timely if sent by certified or registered mail or an overnight delivery service on or before the filing deadline - Forms sent by 1st class mail or any other means will be judged late if received after the filing deadline.

Statement of Organization

Where to File

- **Secretary of State/Bureau of Elections**
State Level and Judicial Candidates
- **County Clerks** - County, City, Township, Village or School District Candidates running for an office within a single county file with the County Clerk of their county of residence
- Local candidates running for an office that crosses county lines file with the County Clerk of the county containing the most eligible voters

Statement of Organization

- Identification Number (Issued by filing official)
- Amendments (Required when information changes)
- Committee Name (must contain candidate name – no false designation of incumbency)
- Mailing Address (may be a P.O. Box)
- Treasurer and (Optional) Record Keeper
- Depository (Name is required even if there is no account)
- Reporting Waiver (Item 10) Committees that spend or receive \$1,000.00 or less

The Reporting Waiver

- A committee that completes Item 10 on an original or amended Statement of Organization AND does not spend or receive more than \$1000.00 for a single primary or general election or convention qualifies for a reporting waiver
- The \$1000.00 threshold includes debts, money from previous elections and all contributions both direct and in-kind (including the candidate's own contributions) – The waiver is lost automatically if the committee crosses the threshold
- Pre and Post Election or Convention Statements and Annual Statements are waived
- *The Statement of Organization and Late Contribution Reports are not waived*

Campaign Statements

Filing Statements

- Candidates without a reporting waiver must file - All Campaign Statements must contain a Cover Page and a Summary Page – Other Schedule Pages provided as needed
- Campaign Statements hand delivered, sent by first class mail or any other means must be received on the filing deadline (or late fees apply)
- Pre Election Statements sent by certified or registered mail or an overnight delivery service will be timely if post marked 2 days before the filing deadline (or late fees apply)
- Post Election and Annual Statements sent by certified or registered mail or an overnight delivery service will be timely if post marked on or before before the filing deadline (or late fees apply)

Campaign Statements

Filing Deadlines

- **Pre Election (or Convention) Statement**

Books Close 16 Days before election

Due 11 Days before election

- **Post Election (or Convention) Statement**

Books Close 20 Days after election

Due 30 Days after election

- **Annual Statement (Annual Waived when a Post General is filed in December)**

Books Close December 31

Due January 31

- **Late Contribution Report**

Covers period between the 15th and the 3rd day before an election - Due within 48 hours

State Level Candidate Deadlines for 2008

2008 PRIMARY ELECTION

7/20/08 - Pre Primary Statement Close of Books

7/ 25/08 - Pre Primary Statement Filing Deadline

8/ 5/08 STATE PRIMARY ELECTION DATE

8/25/8 - Post Primary Statement Close of Books

9/4/08 - Post Primary Statement Filing Deadline

2008 GENERAL ELECTION

10/19/08 - Pre General Statement Close of Books

10/24/08 - Pre General Statement Filing Deadline

11/4/08 - STATE GENERAL ELECTION DATE

11/24/08 - Post General Statement Close of Books

12/4/08 - Post General Statement Filing Deadline

2009 ANNUAL STATEMENT

12/31/08 - 2008 Annual Statement Close of Books

2/2/09 - 2008 Annual Statement Filing Deadline

Campaign Statements

Cover Page

- Required with every original or amended campaign statement
- Reported on the Cover Page (Select to see Form)
- Changes to Treasurer, Recordkeeper or addresses must be reported on an amended Statement of Organization
- Committee may dissolve (if applicable) by completing Item 9e – Committees must satisfy all filing requirements and bring all debts and assets to \$0.00 to qualify for dissolution

Campaign Statements

Summary Page

- Required with every original campaign statement and if needed to report changes on an amendment
- Reported on the Summary Page (Select to see Form)
- Line 13 – Beginning Balance must reflect the ending balance from the previous report unless it is the first report being submitted by the committee (The 1st report will always indicate \$0)
- Committees should never start or end a report with a negative balance
- Cumulative for Election Cycle is required under Column II

Contributions

Michigan Campaign Finance Act

Sec. 4. (1) “Contribution” means a payment, gift subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, or donation of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate, or for the qualification, passage, or defeat of a ballot question.

Data to collect: Name, Address, Date, Amount, Type and Cumulative to date.

Contributions

Exceptions

- **A volunteer's personal services – not to be reimbursed**
- **A volunteer's travel and lodging up to \$500 per year**
- **A volunteer's donation of food and beverages up to \$100 per year**

Contributions

Election Cycles since the 2006 General Election

ELECTION DATE (Previous General)	NEXT ELECTION CYCLE BEGINS	ELECTION CYCLE ENDS (Next General)
11/07/06 (8 year cycle)	11/08/06	11/04/14
11/7/06 (6 year cycle)	11/08/06	11/06/12
11/7/06 (4 year cycle)	11/08/06	11/2/10
11/7/06 (2 year cycle)	11/08/06	11/4/08

Contributions

Election Cycle Limits - State Level Offices

State Office	Individual or Political Committees	Independent Committees and District/County Political Party Committees	State Central Political Party Committees
Representative	\$500	\$5,000	\$5,000
Senator	\$1,000	\$10,000	\$10,000
Statewide*	\$3,400	\$34,000	\$68,000

***Does not apply to judicial offices other than Supreme Court or Gubernatorial Committee receiving Public Funding**

Contributions

Election Cycle Limits - Local and Judicial

Population of District for Office	Individual or Political Committee	Independent Committee and District/County Political Party Committees	State Central Political Party Committee
Up to 85,000	\$500	\$5,000	\$5,000
85,001 - 250,000	\$1,000	\$10,000	\$10,000
Over 250,000	\$3,400	\$34,000	\$34,000

Limits apply to all judicial offices other than supreme court

Contributions Prohibitions

- **Labor Unions**
- **Corporations (Limited Liability Companies, Sole Proprietorships and Partnerships are allowed)**
- **Domestic Dependent Sovereigns (Indian Tribes)**
- **Public Body Funds or use of Public Facilities**
- **Detroit Casino and Supplier Licensees**
- **Foreign Nationals (Federal Prohibition)**
- **Other Candidate Committees (Tickets to another candidate fundraiser allowed - \$100/year max)**
- **Excess**
- **Anonymous (Must be donated to a charity)**
- **Cash over \$20**
- **Earmarked**
- **Given in the name of another**

Contributions

Candidate and Immediate Family

- **Candidate and immediate family contributions are unlimited (to candidate's own committee)**
- **Immediate family means the candidate's spouse, a child residing in the candidate's home or a person claimed by the candidate or spouse as a dependent for federal tax purposes**
- **All candidate and immediate family contributions (direct and in-kind) must be disclosed – Loans must be designated as such when received (candidates may not charge their committees with interest)**

Contributions

Direct Contributions

- All contributions of money must be disclosed (including candidate's) regardless of amount – anonymous contributions must be given to a tax exempt charity
- Reported on Schedule 1A (Select to see Form)
- All contributions (both direct and in-kind) accumulate together toward contribution limits throughout the election cycle
- Contributions over \$20.00 must be by a written instrument (such as a check , credit card or money order) Contributions up to \$20.00 may be cash

Contributions

Memo Itemization

- Required when a contribution is received from a group not registered with the Bureau of Elections as a committee (such as a block club)
- Contributor must provide a list of those persons contributing towards the contribution (may use LIFO)
- Name, address, date and amount is required
- For individuals contributing over \$100, the occupation, employer and business address also required
- Persons listed are not considered to have given a contribution to the candidate committee

Contributions

Memo Itemization Example

Type of Contribution: <input checked="" type="checkbox"/> Direct <input checked="" type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser 3. Contribution # <u>3</u> POC Receipt? <input type="checkbox"/> YES 4. Date of Receipt <u>02/10/2000</u> Name: <u>LINCOLN BLOCK CLUB</u> Address: <u>123 LINCOLN AVE</u> <u>ELMWOOD MI 40000</u> 5. If over \$100.00 cumulative, please provide: Occupation _____ Employer _____ Business Address _____	300.00	300.00
Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser 3. Contribution # <u>4</u> POC Receipt? <input type="checkbox"/> YES 4. Date of Receipt <u>02/09/2000</u> Name: <u>ANDREW WILSON</u> Address: <u>134 LINCOLN AVE</u> <u>ELMWOOD MI</u> 5. If over \$100.00 cumulative, please provide: Occupation <u>FORK LIFT DRIVER</u> Employer <u>MICHIGAN LUMBER INC</u> Business Address <u>123 WOODLAND DR</u> <u>ELMWOOD MI 40000</u> Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser	(150.00)	
Page Subtotal	1450.00	
Grand Total of All Schedules 1A (Complete on last page of Schedule)	1450.00	

Contributions

In-Kind Contributions

- A contribution of goods or services (not money)
- Reported on Schedule 1-IK (Select to see Form)
- Value of goods or services counts towards contributions limits for the election cycle (accumulates with direct contributions)
- Value reported must reflect usual and normal market value (the value of special discounts would count as an in-kind contribution)
- In-kind contributions must be disclosed regardless of the amount

Contributions

Other Receipts

- Other Receipts are receipts of money such as interest received from a bank, refunds or rebates
- Reported on Schedule 1A-1 (Select to see Form)
- Other Receipts are not contributions to further the nomination or election of the candidate
- Other Receipts do not count towards contribution limits

Expenditures

Michigan Campaign Finance Act:

Section 6(1) “Expenditure” means a payment, donation, loan, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question.

Data to collect: Name, Address, Date, Amount, Type and Purpose.

Expenditures

Direct Expenditures

- All expenditures to a another committee are disclosed regardless of amount
- Reported on Schedule 1B (Select to see Form)
- Other expenditures to a vendor or non committee must be disclosed when total to a single recipient exceeds \$50 for the reporting period
- Expenditures over \$50 must be by written instrument
- Petty cash expenditures limited to \$50

Expenditures

Memo Itemization

- **Required when the committee makes an expenditure to a person that has paid more than \$50.00 to another person on behalf of the committee**
 - **Vendors, Consultants or Campaign Workers**
 - **Credit Card Payments**
- **Vendors must provide a list of those sub-contractors or other persons compensated more than \$50 by the vendor**
- **Name, address, date, purpose and amount are required for each person compensated more than \$50 on behalf of the committee by the person receiving the initial payment**

Expenditures

Memo Itemization Example

<p>Expenditure # 4</p> <p>Name: DOWNTOWN CONSULTANTS</p> <p>Address: 123 LINCOLN BLVD</p> <p style="text-align: center;">RIVERTOWN MI 40000</p> <p><input type="checkbox"/> Fund Raiser</p>	<p>Purpose: <u>FIRM HIRED TO DO TV ADS</u></p> <p>Expenditure Code <u>CN</u></p> <p><input type="checkbox"/> Check box if this expenditure is payment of debt or obligation reported on previous statement.</p>	<p>12/01/2000</p> <p>Memo - itemization below</p>	<p>500.00</p>
<p>Expenditure # 5</p> <p>Name: WJMI TV</p> <p>Address: 123 TELEVISION WAY</p> <p style="text-align: center;">ELMDALE MI 40000</p> <p><input type="checkbox"/> Fund Raiser</p>	<p>Purpose: <u>SUB VENDOR/TV AD</u></p> <p>Expenditure Code <u>BA</u></p> <p><input type="checkbox"/> Check box if this expenditure is payment of debt or obligation reported on previous statement.</p>	<p>12/01/2000</p> <p>Memo - itemization</p>	<p>(400.00)</p>

Expenditures

Get Out The Vote Expenditures

- Are expenditures for Election Day activities including:
 - Busing voters to the polls
 - Slate Cards
 - Poll workers, challengers, watchers
 - Other get out the vote activity
- Reported on Schedule B-G (Select to see Form)
- All GOTV expenditures are reported regardless of amount

Expenditures Office Related

- Allowed for incumbent officials only
- Reported on Schedule 1C (Select to see Form)
- Not for election related purposes
- May be used for district office and constituent expenses that are not paid by any other source
- May not be made once an official leaves office except to pay existing debts

Expenditures

In-Kind Expenditures

- In-kind expenditures of goods or services given to another person or committee (such as the donation of a used computer to a charity)
- Reported on Schedule 1B-IK (Select to see Form)
- Amount is not subtracted from committee account as only goods or services are donated – not money

Debts and Obligations

- Used to provide a summary of all debts and obligations outstanding at the end of the reporting period (Also on Summary Page)
- Reported on Schedule 1E (Select to see Form)
- Payments are disclosed on this form as well as on Schedule 1B
- Separate forms are used to disclose debts owed to the committee and debts owed by the committee
- Used to disclose the name of any person who endorses a bank loan for the committee

Fund Raiser Schedule

- Used to provide a summary of receipts and expenditures associated with each event held by the committee
- Reported on Schedule 1F (Select to see Form)
- Does not replace or substitute for disclosure of receipts and expenditures as required on the appropriate schedule pages
- Discloses information concerning any co-sponsors
- No bingo, millionaire party or other events requiring licensing permitted
- One event per schedule page

2008 Late Contribution Reports

- If a committee receives a contribution from any single contributor (including the candidate) of \$200.00 or more from the 15th through the 3rd day before an election - a separate **Late Contribution Report must be filed with the appropriate filing official within 48 hours of receipt:**

8/5/08 Primary Election

Late Contribution Reporting Period

7/21/08 (15th day) - 8/2/08 (3rd day)

11/4/08 General Election

Late Contribution Reporting Period

10/20/08 (15th day) - 11/01/08 (3rd day)

- Late Contribution Report Form
- Contributions must still be disclosed on the Post Election Statement - File a separate report within 48 hours for each date on which a late contribution(s) was received
- Late Contribution Report late filing fees accrue up to maximum of \$2000.00

MERTS Plus Software

State Level Committees

- Electronic filing of campaign finance statements became mandatory in 2004 for all committees that file with the Secretary of State that spend or receive \$20,000 or more in any calendar year
- Once required to file electronically, the committee must always file electronically even if the committee falls below the \$20,000.00 threshold.
- MERTS PLUS software allows all committees (filing with the Secretary of State) to receive training, to download software from the Internet and file campaign statements electronically over the Internet or via diskette
- All cumulatives, receipts and expenditures totals are automatically compiled by the software
- Committees that file with the Secretary of State may obtain the training and software at no cost on the Web at:
www.mertsplus.com

Dissolving a Committee

- The committee must bring all debts and assets to \$0.00 and provide the date of dissolution on the Cover Page of the final report
- All required reports must be filed
- All outstanding notices and fees must be answered, paid or successfully appealed prior to dissolution
- Incumbent Candidates cannot dissolve their committee until they are no longer eligible to run for the office again
- The Single Page Dissolution Form is only used by committees with reporting waivers
- Reporting Waiver committees may be automatically dissolved by the filing official

Identification Requirements on Ads

- All paid political ads must contain an identifier (other than those paid by individuals, acting alone, who are not candidates)
- Print ads must contain - “Paid for by (Name and Address of Committee)
- Broadcast ads must contain - “Paid for by (Name of Committee)
- Detailed information concerning identification requirements and a list of exempted items are provided in the Candidate Committee Manual

Notices and Good Cause Waivers

- **Failure to File** – Issued when a committee fails to submit a required report – Committees that do not respond are referred to the Attorney General or County prosecutor
- **Late Fees** - Assessed when a statement is not filed timely as provided under the Campaign Finance Act - Unpaid fees are referred to the Dept of Treasury or County Treasurer for collection
- **Error or Omission** - Committees are required to provide missing information or explain possible errors
- Fees may be appealed for “good cause” such as an accident, illness or loss of records due to fire, theft or flood – the statement must be filed before the appeal will be considered by the Secretary of State

Referrals and Complaints

- All notices are sent to committees at the most recent mailing address of record
- Committees that fail to respond to a notice or pay a late fee (or file an appeal) within the required time period will be referred to the appropriate agency
- Candidates are required to sign statements attesting they have no outstanding notices or late fees for any committee when applying for the ballot and prior to taking office – check with your filing official for information concerning penalties for fraudulent statements
- Signed complaints concerning alleged violations may be submitted to the Secretary of State by any interested person (www.michigan.gov/sos)

Declaratory Rulings and Interpretive Statements

- **Declaratory Rulings are binding on all parties and carry the force of law (formal)**
- **Interpretive Statements provide information and interpretation of the law (less formal)**
- **Rulings and Interpretative Statements are issued by the Secretary of State through the Legal and Regulatory Services Administration (LRSA) in response to questions**
- **Specific time frames for LRSA to follow when responding to a written request for a ruling are detailed in the campaign finance manuals**



MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

(517) 373-2540

www.michigan.gov/sos

www.mertsplus.com

THE END